

8 MANUFACTURED HOMES

8-0 DEFINITION

A Manufactured Home is a structure that is transportable in one or more sections. In traveling mode, the home is eight feet or more in width and forty feet or more in length. A Manufactured Home is designed and constructed to the Federal Manufactured Construction and Safety Standards and is so labeled. When erected on site, the home is:

- at least 400 square feet
- built and remains on a permanent chassis
- designed to be used as a dwelling with a permanent foundation built to FHA criteria

The structure must be designed for occupancy as a principal residence by a single family.

8-1 PROPERTY STANDARDS FOR TITLE II MORTGAGE INSURANCE

The appraiser should be aware of the primary standards in this Handbook to prepare an appraisal for underwriting purposes. These are the key standards:

- The site must be served by permanent water and sewer facilities approved by the local municipal authority, if available at the site.
- An all-weather roadway must serve the site.
- The entire property must be taxed as real estate.
- The towing hitch or running gear must have been removed. The towing hitch or running gear must also have been removed for properties greater than one year.
- No part of the finished grade level under the home is below the 100-year flood level.
- Structural integrity must have been maintained during transportation and sufficient anchoring, support and stability must be evident.

All manufactured homes must have an affixed HUD seals(s) located on the outside of the home. If the home is a multi-wide unit, each unit must have a seal. These seals will be numbered sequentially. If the tags are missing from the property, the appraiser must recommend rejection of the property and notify the lender.

In some states, a manufactured home may not be resold without a seal and homes without a HUD seal must be rejected. In states where resale without a HUD seal is permissible, a manufacture's certification must be obtained verifying the date of the sale.

The certification label/seal shall be located at the tall-light end of each transportable section of the manufactured home approximately one foot up from the floor and one foot in from the road side, or as near that location on a permanent part of the exterior of the manufactured home unit as practicable. The roadside is the right side of the manufactured home when one views the manufactured home from the tow bar end of the manufactured home. (24 CFR 3280.11 (d))

- The home must be erected on a permanent foundation in compliance with the Permanent Foundation Guide for Manufactured Housing. All proposed or newly constructed manufactured homes must meet the standards set forth in the Permanent Foundation

Guide. A licensed professional engineer's seal and signature (certification) is required to indicate compliance with the Foundation Guide. The lender should furnish the appraiser with a design engineer's inspection of the foundation prior to the appraisal.

- Existing manufactured homes in place over one year are to be inspected by the appraiser for evidence of permanent concrete footings with tie-downs anchored to the footings.
- The appraiser must inspect the crawl space for the following: poured in place concrete footings placed below the frost line supporting the manufactured home carriage frame, tie-downs anchored to the footings, protection from the elements and enclosed with material impervious to rot and infestation and perimeter foundation-type construction with footings extended below the frost line. The appraiser must require an engineering inspection if there is evidence of structural defects or other problems relating to the foundation or set-up of the home.
- The manufactured home must not have been constructed before June 15, 1976. The unit must have been built to the manufactured housing construction safety standards as evidenced by having a small, red metallic label attached to it. Any unit without this label is unacceptable. If it has been removed, it cannot be reattached to make it acceptable for FHA insurance.
- New, never occupied homes that are transported directly from the manufacturer or directly from the dealership to the site are eligible for insurance. For an existing manufactured home, evidence must be provided to verify that the home was assembled in accordance with the above paragraphs and has not been moved from its initial installation location.
- Additions or structural modifications may put the home at risk if changes were not performed in accordance with the HUD Manufactured Home Construction Safety and Standards. If the appraiser observes changes to the original home, an inspection by the State Administrative agency, which inspects manufactured homes for compliance, must be required. If there is no agency willing or able to inspect existing homes for compliance to the Manufactured Home Construction and Safety Standards, the manufactured home is unacceptable and should be rejected.

8-2 PROPERTY DESCRIPTION

Measurement is based on the overall length, including living areas and other projections that are at least seven feet in height. Length and width should not include bay windows, roof overhangs, drawbars, couplings or hitches. Each manufactured home must have a data plate with the name of the manufacturer and the construction date.

8-3 APPRAISER QUALIFICATIONS FOR MANUFACTURED HOMES CLASSIFIED AS PERSONAL PROPERTY

For all appraisals of manufactured homes classified as personal property, lenders must engage independent fee appraisers who have successfully completed a specialized course in manufactured home valuation based on the N.A.D.A. appraisal system. These independent fee appraisers must be knowledgeable in the business of manufactured home retail sales. Appraisal services may be obtained from an appraisal company if their appraisers meet these qualifications.

8-4 MANUFACTURED HOME LOT APPRAISALS

A manufactured home lot appraisal may be requested to estimate land value in determining the maximum loan proceeds allowable for a manufactured home lot loan or a combination loan (home and lot). A lot appraisal may also be requested to establish value for claim purposes on a foreclosed lot or manufactured home-and-lot combination.

When appraising manufactured housing, appraisers should use normal single-family residential appraisal techniques (see Chapter 4 of this Handbook). Give special consideration to other manufactured homes as comparables in appraising manufactured homes. This will provide a comparable value indication from which to make justifiable conclusions. Therefore, make all efforts to obtain such comparables even though their distance from the subject may be greater than normally desirable.

If there are no manufactured housing sales within a reasonable distance from the subject property, use conventionally built homes. Make the appropriate and justifiable adjustments for size, location, construction materials, quality, etc. As a point of reference, sales data for manufactured homes can usually be found in local transaction records.

A. MANUFACTURED HOME LOT LOCATIONS

A manufactured home lot may consist of:

- an interest in a manufactured home condominium project (including an undivided interest in the common areas)

OR

- a share in a cooperative association that owns and operates a manufactured home park

The lot may be located within Native American Trust Lands if the borrower owns or leases the lot.

B. HOW TO PERFORM A MANUFACTURED HOME LOT APPRAISAL

In addition to the single-family residential appraisal techniques (see Chapter 4 of this Handbook), the appraiser must take the following steps when performing manufactured home lot appraisals:

- The appraiser must obtain Form HUD-92802, Application and Request for Manufactured Home Lot and/or Site Preparation and the FHA case number from the mortgagee.
- The appraiser must receive a copy of the design engineer's inspection of the foundation from the mortgagee.
- The appraiser must estimate the value of the lot by comparison with other lots offering similar amenities.
- When the appraisal is complete, the appraiser must send the original and one copy of the appraisal report, a photograph of the lot and one photograph of each comparable to the lender for review.